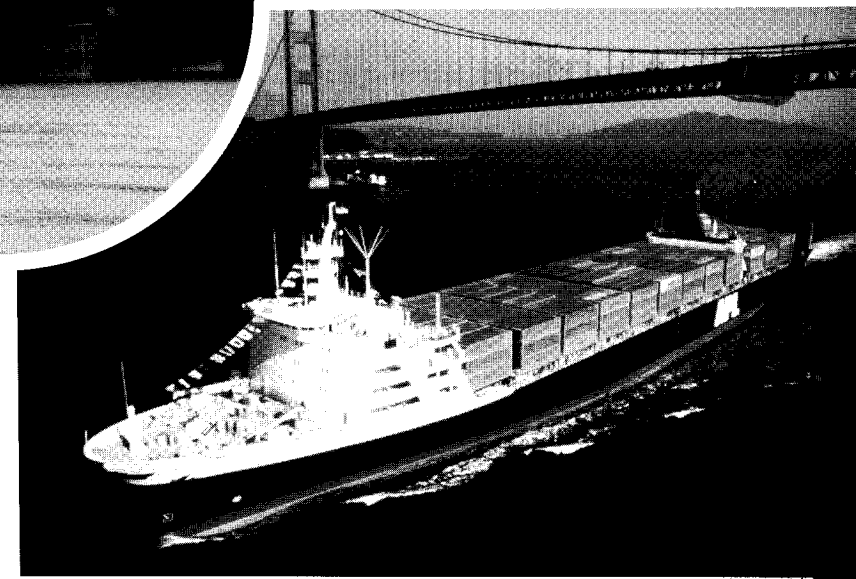
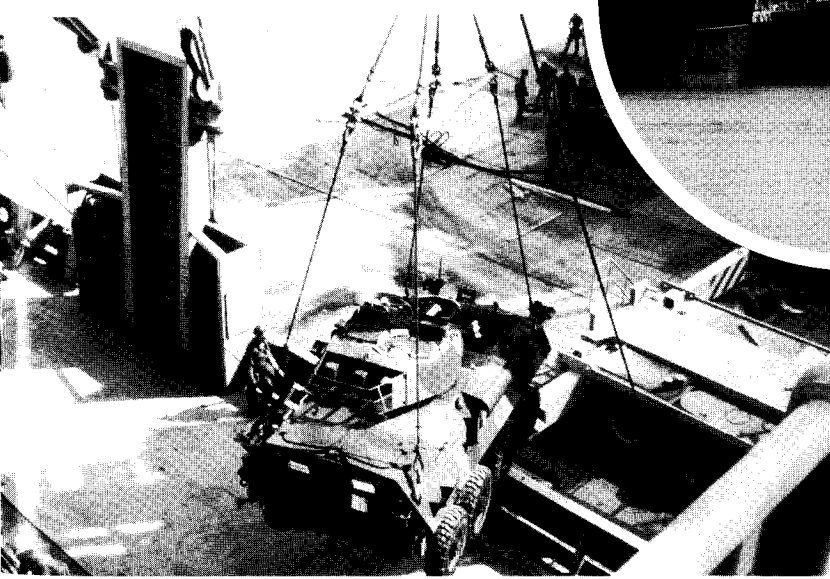
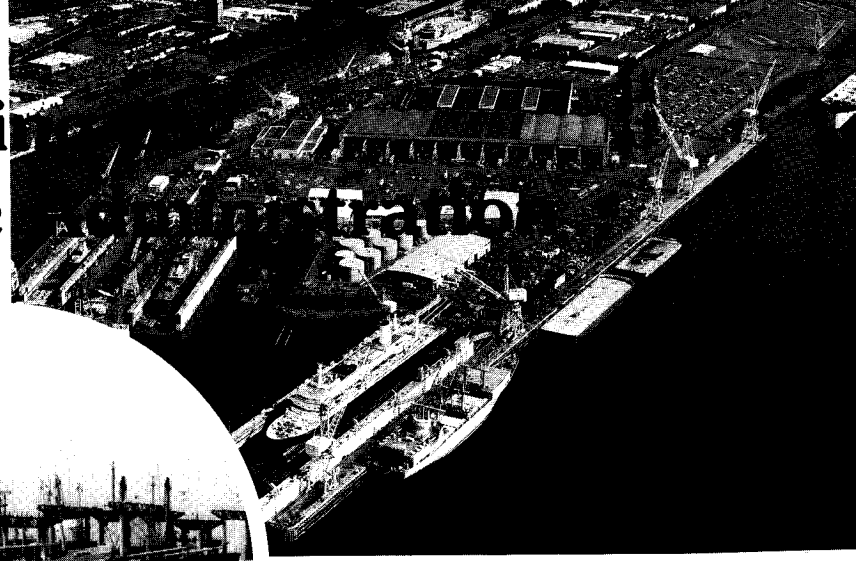


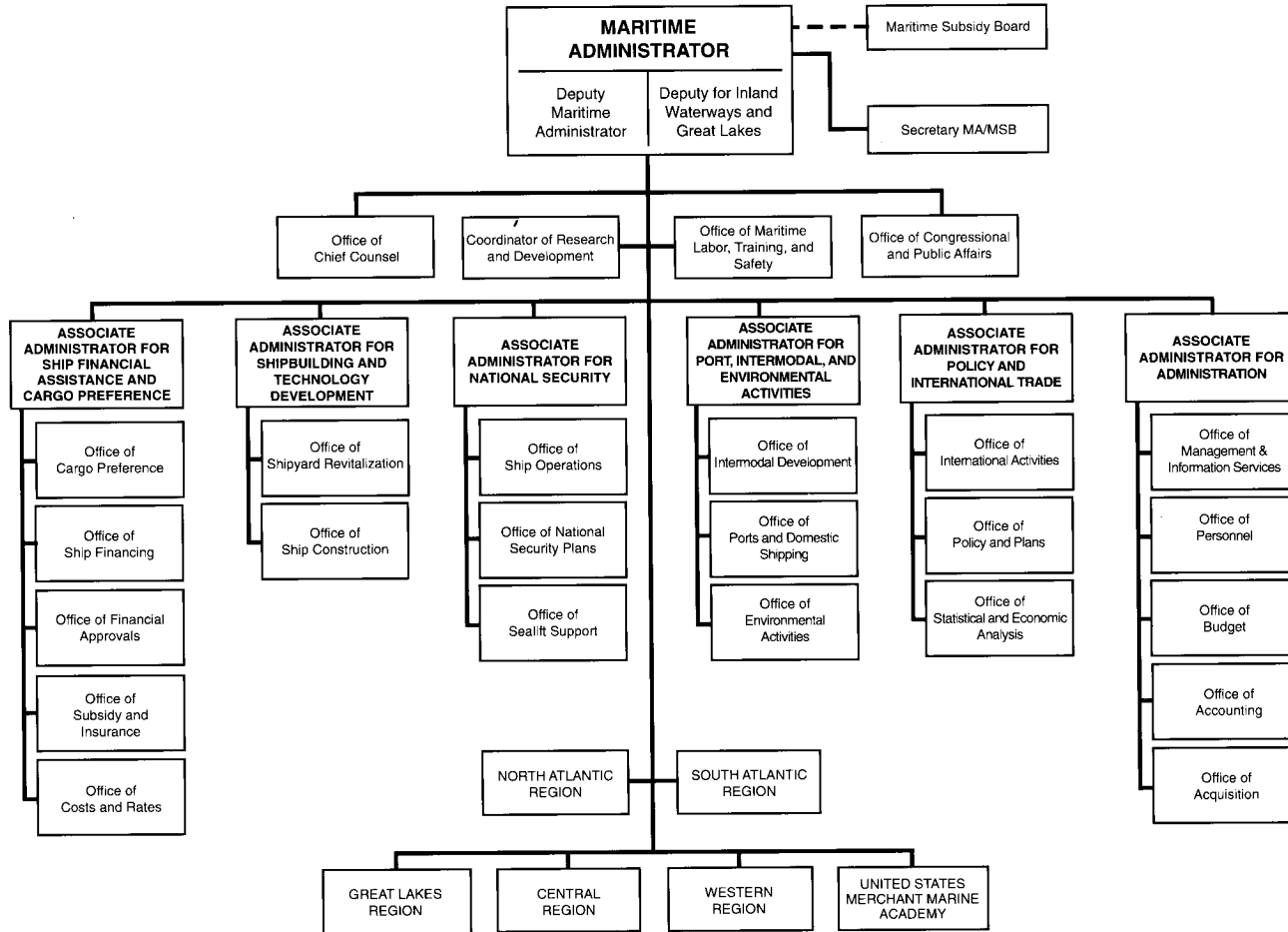


U.S. Department
of Transportation

Introducing the Maritime Administrator



MARITIME ADMINISTRATION



Introducing the Maritime Administration

The Department of Transportation's Maritime Administration (MARAD) facilitates the efficient and secure movement of people and cargo in domestic and international waterborne commerce to promote America's growth and international competitiveness in a safe and healthy environment. MARAD is committed to a strong merchant marine and maritime industry for the United States—the world's greatest sea trading nation.

Our Vision

A maritime system that serves America with American ships and American labor.

Our Mission

Foster a safe and environmentally sound maritime transportation system that promotes national security and economic growth.

Our Goals

National Security: Assure an intermodal sealift capability to support vital national security interests.

Shipbuilding: Enhance the competitiveness of the U.S. shipyard industry (including repair and related industries).

Intermodalism: Improve intermodal transportation system performance by applying advanced technology and innovation.

Trade: Increase the U.S. maritime industry's participation in foreign trade, and cargo and passenger movement in the domestic trades.

Overview

The American shipping and shipbuilding industries trace their roots to the very inception of our country, having played key roles in transforming a fledgling nation into the world's greatest power and the world's favorite trading partner. Since 1789, every Administration and Congress has recognized that America's status as a maritime nation must be preserved. As the 21st Century approaches, the intent and purposes of the Merchant Marine Act, 1936, as amended, continue to serve the nation well.

The Merchant Marine Act, 1936, as amended states:

It is necessary for the national defense and development of its foreign and domestic commerce that the United States shall have a merchant marine [a] sufficient to carry its domestic waterborne commerce and a substantial portion of the waterborne export and import foreign commerce of the United States and to provide shipping service essential for maintaining the flow of such domestic and foreign waterborne commerce at all times, [b] capable of serving as a naval and military auxiliary in time of war or national emergency, [c] owned and operated under

the United States flag by citizens of the United States insofar as may be practicable, [d] composed of the best-equipped, safest, and most suitable types of vessels, constructed in the United States and manned with a trained and efficient citizen personnel, and [e] supplemented by efficient facilities for shipbuilding and ship repair. It is hereby declared to be the policy of the United States to foster the development and encourage the maintenance of such a merchant marine.

An agency of the U.S. Department of Transportation (DOT), the Maritime Administration (MARAD) has primary responsibility for ensuring the availability of efficient water transportation service to shippers and consumers. It also seeks to ensure that the United States enjoys adequate shipbuilding and repair service, efficient ports, effective intermodal water and land transportation connections, and sufficient intermodal shipping capacity for use by the Department of Defense (DOD) in time of national emergency.

Activities undertaken by the Maritime Administration in fulfilling its mission are summarized in this brochure.

National Security

MARAD administers programs to meet sealift requirements determined by the Department of Defense (DOD) and conducts related national security activities. The Agency also maintains inactive, Government-owned vessels in the National Defense Reserve Fleet (NDRF) and its Ready Reserve Force (RRF) component. The RRF was created to maintain a surge shipping and resupply capability available on short notice to support deployment of a multi-division force. In addition, MARAD conducts national security planning and operations in areas such as emergency communications, war risk insurance, and port emergency operations.

Maritime Security Program

President William J. Clinton signed the Maritime Security Act of 1996 (MSA) on October 8, 1996, after it was overwhelmingly passed by the United States Congress. Its enactment represents an unequivocal long-term commitment to the survival of the U.S.-flag merchant marine.

The centerpiece of the MSA is the Maritime Security Program (MSP). The MSP is intended to help America retain an active U.S.-flag merchant fleet comprised of modern, efficient, and militarily useful commercial dry cargo vessels that can support national security requirements and maintain a competitive U.S.-flag presence in international commerce. The 10-year program provides funding of up to \$100 million annually for up to 47 vessels to partially offset the higher operating costs of remaining under U.S. registry. The MSP also helps retain a labor base of skilled and loyal American citizen seafarers who are available to crew the U.S. Government-owned strategic sealift fleet, as well as the U.S. commercial fleet, both in peace and war. The MSP leverages relatively modest Federal support to retain access to a robust U.S. commercial maritime capitalization base valued at more than \$8.5 billion.

Voluntary Intermodal Sealift Agreement (VISA)

Sponsored by the Maritime Administration, the VISA program resulted from a multi-year effort by MARAD, the U.S. Transportation Command, and the U.S.-flag shipping industry. The essence of VISA is to create a genuine dynamic and effective partnership among MARAD, DOD, and the private sector to give DOD guaranteed access to intermodal transportation capabilities in the private sector during mobilizations. These capabilities consist of an \$8 billion worldwide transportation network owned and operated by U.S. companies, which offer unequaled vessels, capacity, container assets, port and terminal operations, innovative management, and the finest transportation professionals that can be found.

On January 30, 1997, the Secretary of Defense approved VISA as DOD's principal commercial sealift readiness program. VISA's activation

would be time-phased to streamline the availability of capacity to coincide with DOD requirements. This approach will permit carriers to plan for options for ongoing commercial arrangements during contingencies while concurrently meeting DOD's transportation requirements.

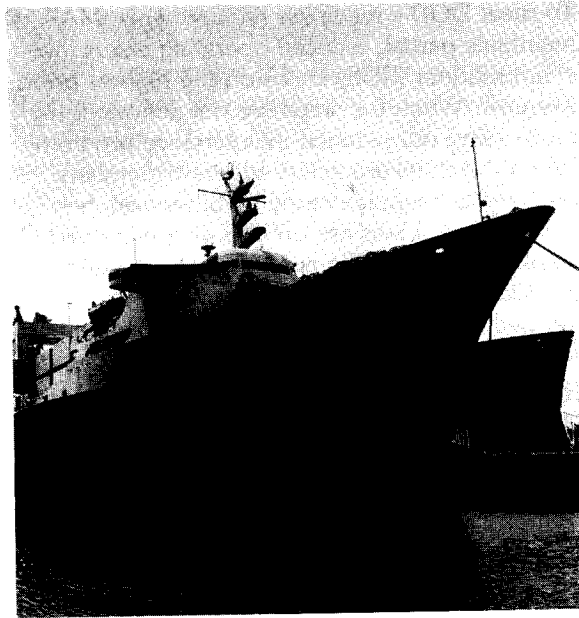
Industry participation in VISA is substantial. MARAD has enrolled all of the MSP vessels and related capacity, along with most other U.S.-flag, dry cargo transportation companies. VISA provides DOD, when needed, with guaranteed access to more than 200 vessels of all types and the entire worldwide structure supporting those vessel operators.

Reserve Fleet

The Maritime Administration maintains an inactive reserve of ships in the National Defense Reserve Fleet (NDRF) as a source of vessels that could be activated to meet the shipping requirements of the United States during national emergencies. They are available for both military and non-military emergencies, including commercial shipping crises.

Many ships in the NDRF are maintained at three anchorages: James River, VA, Beaumont, TX, and Suisun Bay, CA. The NDRF is composed of freighters, tankers, roll-on/roll-off vehicle carriers, LASH and SEABEE carriers, partial container vessels, and specialized craneships designed to offload non-self-sustaining containerships.

The Ready Reserve Force (RRF) was established as a component of the NDRF in 1976 by a Memorandum of Agreement between MARAD and DOD. These ships are kept in a heightened state-of-readiness and can be activated within 4, 5, 10, 20, or 30 days to meet surge military



sealift requirements in the event of war or military deployment.

To meet DOD's readiness requirements, MARAD maintains partial, reduced operating status merchant mariner (ROS) crews on the highest priority ships. When the ships are not activated, the crews carry out planned maintenance programs. When the ships are activated, crew members onboard are supplemented by other seafarers whose normal jobs are on U.S.-flag merchant ships operating in the nation's domestic and international commerce. High priority ships are berthed or outported near expected loading ports for defense cargo.

RRF ships were activated during Operations Desert Shield and Desert Storm during the Persian Gulf war, and also in support of operations in Haiti, Somalia, and Croatia.

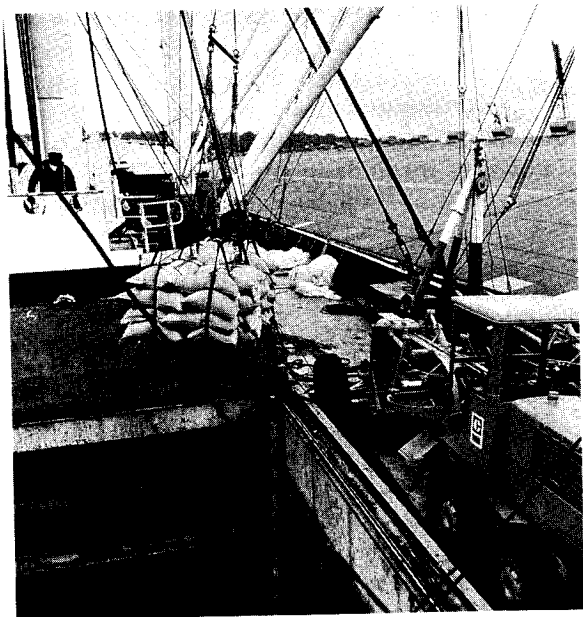
Cargo Preference

The U.S. cargo preference laws are part of the overall statutory program to support the privately owned and operated U.S.-flag merchant marine. These laws require that a certain percentage of

Government-impelled cargo be carried on U.S.-flag vessels.

The Maritime Administration is responsible for monitoring the administration of and compliance with U.S. cargo preference laws and regulations by Federal agencies as they relate to individual programs which generate oceanborne cargoes. It also encourages Federal agencies to maximize the use of U.S.-flag vessels, monitors bilateral and similar agreements, and identifies trade practices that may adversely impact U.S.-flag vessels.

Major programs monitored include humanitarian aid shipments provided by the U.S. Department of Agriculture (USDA) and U.S. Agency for International Development (AID), commodities financed by the Export-Import Bank (Eximbank), foreign military sales, and Department of Defense cargo shipped by commercial ocean carriers. By guaranteeing the availability of cargo to U.S.-flag ships, these activities are important to the financial viability of U.S.-flag vessel operating companies, thereby ensuring



that the vessels, trained crews, and vessel service industries continue to exist.

War Risk Insurance

MARAD administers the standby emergency War Risk Insurance Program in accordance with Title XII of the Merchant Marine Act, 1936, as amended. The program encourages the continued flow of U.S. foreign commerce when commercial insurance cannot be obtained at reasonable terms and conditions. It protects vessel operators and seafarers against losses resulting from war or warlike actions.

Piracy Attacks on Merchant Shipping

Oceangoing ships continued to be victims of piracy on the high seas around the world. Various international maritime organizations, such as the International Maritime Bureau's Regional Piracy Center in Kuala Lumpur and the Center for Seafarer's Rights, cite the most active areas of piracy as continuing to be in the waters of South East Asia and Brazil.

MARAD actively participates with industry partners, including the Maritime Security Council, on information resource availability, threat dissemination, and incident reporting. MARAD is prepared to alert U.S. mariners to potential danger areas and offer advice on effective countermeasures to deter pirates from boarding vessels at sea.

Sales and Transfer

MARAD administers the Merchant Ship Sales Act of 1946, which provides for the sale— for scrapping and non-transportation use—of National Defense Reserve Fleet ships no longer required for national defense. The Agency also must approve the transfer of privately owned U.S. ships to foreign flags.

Shipyard Revitalization

American shipyards and their workers remain unsurpassed in the production of complex naval vessels. However, these shipyards have been at a competitive disadvantage in the world commercial shipbuilding market, largely due to foreign government shipyard subsidies and technological improvements in foreign yards.

In 1993, President Clinton, in conjunction with strong bi-partisan support in the Congress, initiated a comprehensive plan for the revitalization of the U.S. shipbuilding industry. This action was taken out of a recognition that this industry is critical to the national defense industrial base and that declining naval construction budgets would make it virtually impossible to maintain that base unless commercial shipbuilding assumed a greater role in the nation's orderbooks.

Title XI Guarantees

A key element of the President's plan and the National Shipbuilding Initiative (NSI) extended Government guarantees to the financing of vessels purchased in U.S. shipyards by foreign owners. Under the Maritime Guaranteed Loan Program, the U.S. Government guarantees full payment to the lender of the unpaid principal and interest of the obligation in the event of default by the vessel owners or general shipyard facility.

The program often is referred to as the Title XI program, as it originally was established through an amendment to the Merchant Marine Act of 1936. At first the Government insured private loans or mortgages made to finance or refinance the construction or reconstruction of American-flag vessels. The Act was amended in 1972 to provide direct Government guarantees of the underlying debt obligations, with the Government holding a mortgage on the equipment financed. In addition to expanding the

Title XI program by authorizing the Secretary of Transportation to guarantee obligations issued to finance the construction, reconstruction, or reconditioning of eligible export vessels, the 1993 legislation authorized guarantees for shipyard modernization and improvement.

MARITECH

The MARITECH program is a Government-industry shipbuilding technology effort that is jointly administered by MARAD and the Defense Advanced Research Projects Agency (DARPA). MARITECH assists the U.S. shipbuilding industry to compete in the international marketplace by developing competitive ship designs, markets and marketing strategies, modern commercial shipbuilding processes and procedures, and manufacturing and information technologies for ship design and production. The program requires industry to match government investments.

National Maritime Resource and Education Center (NMREC)

The National Maritime Resource and Education Center (NMREC) was established by MARAD as the Government's commercial shipbuilding advocate designed to assist the U.S. shipbuilding and allied industries in improving their competitiveness in the international commercial market. NMREC's mission is to promote the elimination of unnecessary regulation, encourage development and use of consensus technical standards for the maritime industry, and support U.S. participation in both national and international standards writing organizations.

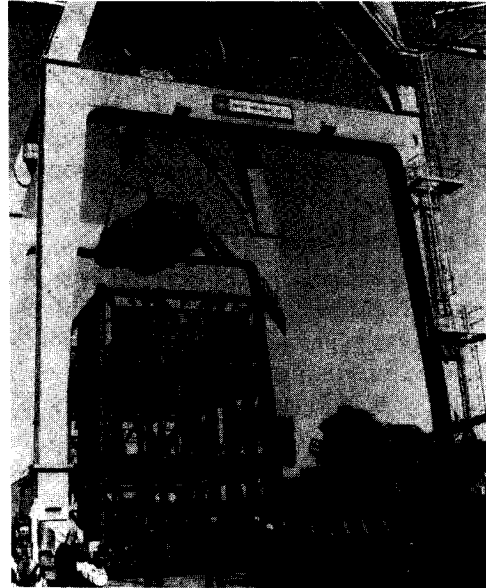
Maritime Operations

Ports, Intermodal and Environmental Activities

The Maritime Administration provides technical assistance in port, intermodal, and advanced cargo handling technologies to State and local port authorities, terminal operators, the private maritime industry, agencies of the United States, and foreign governments. It also assists these organizations in environmental compliance, planning, management, and operations.

MARAD also plans for the use of ports and port facilities, and for the priority use and procurement of containers and other intermodal equipment to minimize disruption of inventory distribution in times of national emergencies. The Agency's environmental protection activities seek to enhance environmental protection and sustainable development in its programs and the U.S. maritime industry.

MARAD assists in developing the U.S. intermodal system by promoting innovative commercial technology that can be used in all facets of



the transportation system. An example is the Cargo Handling Cooperative Program (CHCP), which includes shipping companies, port authorities, stevedoring companies/terminal operators,

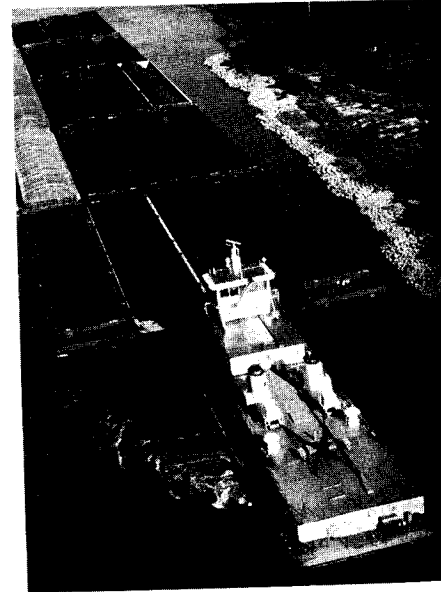
railroads, trucking companies, and governmental agencies. The CHCP's mission is to increase the productivity of ocean/marine transportation companies through cargo handling. Projects include data management, information systems, computer hardware, and research and development.

Domestic Shipping

Domestic waterborne transportation is safe, reliable and efficient. It is an established mainstay of America's national transportation system; the volume of cargo moved each year between U.S. ports by the domestic fleet exceeds one billion tons.

To encourage a strong U.S. merchant marine for both national defense and economic security, the nation's domestic waterborne commerce is reserved for vessels built in the United States, owned and crewed by American citizens, and registered under the American flag. While actual interpretation and enforcement of those requirements is the responsibility of the U.S. Customs

Service and the U.S. Coast Guard, MARAD is concerned with their effect on the national programs it administers. The Agency seeks to promote better understanding of the origin, purpose, and content of the coastwise laws.



Maritime Labor, Training, and Safety

The Maritime Administration supports the training of merchant marine officers and crew members with a focus on safety in U.S. waterborne commerce. The Agency also monitors national and international maritime industry labor-management practices and policies, promotes healthy labor-management relations, and fosters a safe and efficient maritime transportation system through the effective use of human resources.

U.S. Merchant Marine Academy

MARAD operates the U.S. Merchant Marine Academy at Kings Point, NY, to educate young men and women to become officers in the American merchant marine. Graduates receive Bachelor of Science degrees and U.S. Coast Guard licenses as deck or engineering officers, or both, and a commission in the U.S. Naval Reserve or another uniformed service.

The Academy is an integral component of the defense readiness called for in our national security policy, and guarantees a source of merchant



marine officers to meet our domestic and international U.S.-flag crewing needs. All Academy graduates incur an 8-year U.S. Naval Reserve commitment which, unless they are accepted in another uniformed service, obligates them to serve in time of war or national emergency. The critical maritime skills developed with their military training and obligations support our nation's defense readiness.

Graduates also are committed to a 5-year maritime service obligation. This requires graduates to obtain a merchant marine officer's license on or before graduation and to maintain the license for at least 6 years. The service obligation may be satisfied in the merchant marine as an officer aboard U.S. merchant ships, or in shoreside maritime or intermodal transportation industry positions if afloat employment is not obtainable. Active military duty in the U.S. Armed Forces of the National Oceanic and Atmospheric Administration also satisfies the obligation.

State Maritime Academies

MARAD administers financial assistance to six State maritime academies to train merchant marine officers by authority of the Maritime Education and Training Act of 1980. The six academies and their locations are: California Maritime Academy, Vallejo, CA; Maine Maritime Academy, Castine, ME; Massachusetts Maritime Academy, Buzzards Bay, MA; Great Lakes Maritime Academy, Traverse City, MI; New York Maritime Academy, Fort Schuyler, NY; and Texas Maritime Academy, Galveston, TX. State academy graduates receive U.S. Coast Guard licenses and Bachelor of Science degrees (associate degrees are awarded at Traverse City). Training vessels are provided by MARAD for shipboard training.

New Supplemental Training

MARAD provides supplemental training on critical skills for improved safety and efficient ship operations. Fee-based marine firefighting train-

ing is available to all U.S. seafarers. Students complete rigorous hands-on fire extinguishing exercises on a ship mock-up fire training simulator. Additional supplemental training includes diesel power plant operations and a shipmasters defense readiness course covering U.S. Navy—merchant marine joint exercises.

Merchant Marine Awards

Public Law 100-324, the Merchant Marine Decorations and Medals Act, authorizes the Secretary of Transportation to recognize outstanding and meritorious service or participation in national defense actions. Under this authority, MARAD assists in replacing merchant marine decorations issued to merchant mariners who served during World War II, Korea, Vietnam, and Operation DESERT STORM.

Labor-Management Relations

MARAD continually strives to improve relations between labor and management in the maritime

industry. Maritime industry labor practices and policies are closely monitored. Seafaring, long-shore, and shipbuilding workforces are monitored in terms of labor-management collective bargaining agreements, pensions, welfare and medical plans, and employee fringe benefits and contributions. Data is continuously collected from industry, analyzed, and reported. The Agency also participates with the U.S. Navy and special study groups on a continuous basis in conducting analyses and studies on seafaring manpower mobilization requirements.

Safety

MARAD continues to emphasize safety and human performance in the maritime industry focusing on the combined effects of human factors, training, management, organization, operating procedures, design, construction, and ship and shore relationships upon the safe and efficient operation of vessels.

International Activities

MARAD leads Government efforts to achieve equitable access to foreign markets for U.S. shipping firms, negotiating agreements or other understandings as appropriate. Additionally, the Agency cooperates in international programs and meetings on prevention of pollution of the seas by oil, shipping documentation, container standardization, and improved safety and navigation regulations.

AID: U.S. Agency for International Development

DOD: Department of Defense

DOT: Department of Transportation

EXIMBANK: Export-Import Bank

MARAD: Maritime Administration

MSA: Maritime Security Act of 1996

MSP: Maritime Security Program

NDRF: National Defense Reserve Fleet

R&D: Research and Development

ROS: Reduced Operating Status

RRF: Ready Reserve Force

USDA: Department of Agriculture

VISA: Voluntary Intermodal Sealift Agreement

Further information on the Maritime Administration and the U.S. merchant marine is available from:

U.S. Department of Transportation

Maritime Administration

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U.S. DEPARTMENT OF TRANSPORTATION
Maritime Administration

MARITIME REGIONAL BOUNDARIES

